



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

January 27, 2010

Scott J. Alyn, President
Alyn Industries, Inc., dba Electronic Source Company
16032 Arminta St.
Van Nuys, CA 91406

Dear Mr. Alyn:

RE: FINAL MONITORING VISIT REPORT for Alyn Industries Inc., dba Electronic Source Company (ESC) – ET08-0135

Date of the Visit:	1/26/10
Beginning/Ending Time:	9:30 a.m. – 12:00 p.m.
Date of Last Visit:	10/9/08
Visit Location:	Van Nuys
Persons in attendance:	Scott Alyn, ESC Kristen Alyn, ESC Susie Tipton, ESC Marissa Tolentino, ETP Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	7/2/07 – 7/1/09	Agreement Amount:	\$49,868
Training Start Date:	7/2/07	No. to Retain:	14
Date Training must be Completed:	4/2/09	Range of Hours:	24-195
Type of Trainee:	Retrainee	Weighted Ave. Hours:	137

FINAL REPORT SUMMARY:

This Agreement ended on July 1, 2009, however, due to technical problems with the invoicing which was resolved by ETP in August 2009, and failure to respond to numerous requests by the ETP Analyst to submit the final invoice and schedule a final visit, this final report was delayed.

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www.etp.ca.gov
ETP (05/16/07)

The Agreement was executed on September 14, 2007 and training began on July 25, 2007. Your staff reported that all training was completed on December 10, 2008, which allows for the 90-day retention period to be completed within the term ending date of the Agreement – July 1, 2009.

ETP approved one Agreement Modification on September 23, 2008, which included Business Skills training and the topic Baldrige on the ETP Curriculum.

You indicated that 15 trainees completed training and the 90-day retention period. The Agreement is based on a variable reimbursement training plan. ESC is reimbursed for the exact number of training hours provided to each trainee completing between 24 to 195 hours of Class/Lab training in either Business Skills, Computer Skills and Continuous Improvement. The ETP Class/Lab Tracking Report shows that you have delivered 1,494.24 class/lab training hours for 15 trainees who meet the minimum hours. Assuming all other Agreement requirements are met, ESC would earn approximately \$38,850 (78%) of the total ETP Agreement amount of \$49,868. Since you have been paid \$29,717.95 to date, you will receive an additional \$9,132.05 if the anticipated number to retain is verified during the final fiscal closeout.

You informed Ms. Tolentino that ETP provided the company an incentive to train its workers on training that is necessary to make operations staff efficient. You indicated that through ETP training, the revenue per employee increased by \$10,000.

You reported that ETP record keeping was not a problem and you did not experience any barriers in implementing the ETP Training Program. However, due to several changes in the contact representative of this Agreement, it took time for the new contact representative to learn the ETP recordkeeping procedures. In addition, Enoc Garcia, the last contact representative, left the company during the last quarter of 2009, which also delayed this final visit.

When asked by the Analyst why you did not complete 100% of the Agreement, you indicated that during the application process, you found it difficult to project the number of training hours each employee needed. You stated that you may have overestimated the request of \$49,868. Overall, you felt that this ETP training program was a success and you would like to submit a new application to train workers in new skills.

Ms. Tolentino informed you that due to a shortfall in tax collections for the Employment Training Fund, ETP has exhausted all of its available FY 2009/10 standard program funds at the October 2009 Panel Meeting. At its September 25, 2009 meeting, the Panel took specific actions regarding the allocation of funds remaining this fiscal year. ETP has stopped development of all current preliminary applications, with the exception of the existing Small Business projects and proposals seeking funding under the federal American Recovery and Reinvestment Act (ARRA). The Analyst advised you to check *What's New* on the ETP homepage at www.etp.ca.gov for updates and information about any new funding opportunities.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	19	Completed Training:	15
Dropped Following Enrollment:	4	Completed Retention:	15
Completed Minimum Hours for reimbursement:	15		

You indicated that the above statistics found on the ETP Contract Status Report corresponds to your statistics.

ATTENDANCE ROSTERS:

Ms. Tolentino reviewed attendance records of 15 trainees who completed training and the retention period. The review of the Class/Lab Rosters revealed that the Rosters contained the information required in accordance with Title 22 California Administrative Code, Section 4442 (b); the Agreement curriculum was provided as specified; you are in compliance with the ratio of one trainer to 20 retrainees specified in the Agreement Training Plan; and trainees received the Class/lab Training hours required in this Agreement.

You were advised that these findings are based only on the training records reviewed during this Visit and represent only a sample of the training records completed to date. Further that it is your responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes.

INVOICES:

Ms. Tolentino advised you that the Final Invoice must be submitted within 30 days from the expiration date of the Agreement. Since this period has elapsed, the Analyst agreed to submit the extension request to Kulbir Mayall, Fiscal Manager in the ETP Sacramento office.

This visit was also intended to submit the Final Invoice, however, due to technical problems with ETP's Online System, it was only until January 27, 2010, that Ms. Tipton and Ms. Tolentino were able to access the Invoicing System and process Progress Payment 2 for 15 trainees. The Final Payment Invoice was not submitted on January 27, 2010 because Ms. Tipton had to verify the wages of each trainee to ensure that they met the required ETP minimum wage in this Agreement.

AUDIT:

ESC will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the

last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Ms. Tolentino at (818) 755-1311 or by email at MTolentino@etp.ca.gov within ten (10) working days from the receipt of this letter.

Sincerely,

Signature on file

Wally Aguilar, Manager
North Hollywood Regional Office

Signature on file

Marissa Tolentino, Contract Analyst
North Hollywood Regional Office

cc: Kristen Alyn, ESC (via e-mail)
David Guzman, Chief, Program Operations Division (via e-mail)
Kulbir Mayall, Manager, Fiscal and Certification (via e-mail)
Master File
Project File

Date report mailed to Contractor: 2/2/10